

MARKET ANALYSIS - January 29, 2004

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What a difference one week can make. Monday – things looked fantastic - soybean futures moved to new highs on most of the contracts due to continued technical bullish momentum, South American weather worries and optimism that the FDA would restrict the use of blood meal and chicken litter among other animal byproducts. Then WHAM – the soybean market collapsed on Wednesday. Prices fell through key support levels, triggering massive sell stops and fund selling in a fast market (whereby traders don’t have to stop to report trades periodically to pit reporters because things are so fast moving). Prices plummeted 30 cents on Wednesday because bearish news came from every direction – fueled mainly by disappointment in the FDA decision. Fundamentally, concern over the Asian flu in Asia is growing and Argentina is being forecasted to see some relief from its hot, dry conditions, and Brazil, to make matters worse, is looking more and more likely to generate a record crop. Worse yet, funds have historically been able to take prices to extremes – so this sell-off might not be the end of things. The only good news I can muster is that rain chances in Argentina seem to be weakening as this week progresses and the prolonged cold weather in the U.S. is increasing feed demand. Corn prices also took it squarely on the chin caused mainly by spillover pressure from the bean pit. There is also the fear of Avian flu which directly hurt the prices and there was some profit taking – funds had generated a record long position and started to unwind their positions (which is totally expected). Fundamentally, corn is still strong, so a corrective sell off is not that unexpected as the market has, without any doubt, been slightly overbought. Wheat also closed lower this week again triggered by large sell stops and fund selling, but surprisingly the wheat market didn’t get that much spillover pressure from the bean pit – wheat traders seemed content to base its movement on its own fundamentals but that all stopped when the huge sell off in the bean pit ensued. Additional pressure in the wheat market could come from ideas of larger acreage in certain parts of Europe this year. To top all of this – Greenspan’s comment that the Fed would be ‘patient’ in raising rates was interpreted as a hike is coming in the not so distant future which sent the dollar soaring – which, will, after a while make our grain exports less attractive. Longs in the pits simply can’t wait for this week to be over.

BASIS TABLE

| LOCATION    | CORN BASIS  |            | SOYBEAN BASIS |            | WHEAT BASIS |            |
|-------------|-------------|------------|---------------|------------|-------------|------------|
|             | CASH(Mar04) | NEW(Dec04) | CASH(Mar04)   | NEW(Nov04) | CASH(Mar04) | NEW(Jul04) |
| Western MD  | +21         | N/A        | -49           | N/A        | -42         | N/A        |
| Central MD  | +22         | +5         | -28           | -35        | -25         | -18        |
| Southern MD | +18         | Even       | -20           | -25        | N/A         | -30        |
| Upper E. S  | +25         | +5         | -15           | -25        | N/A         | -27        |
| Lower E. S  | +33         | +12        | -8            | -16        | N/A         | -28        |

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

The Weekly Crop Weather Summary will resume in April 2004

| CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES                    |                   |          |                    |       |                     |                           |           |       |
|---|-------------------|----------|--------------------|-------|---------------------|---------------------------|-----------|-------|
| Grade and Commodity   | #2 Y Shelled Corn |          | #2 Yellow Soybeans |       | #2 Red Winter Wheat |                           | #3 Barley |       |
| Date  | 01/21             | 01/28    | 01/12              | 01/28 | 01/21               | 01/28                     | 01/21     | 01/28 |
| Western Md  | 2.88              | 2.92     | 7.67               | 7.56  | 3.35                | 3.33                      | 2.55      | 2.58  |
| Central MD  | 2.94              | 2.93     | 7.96               | 7.77  | 3.67                | 3.50                      | 2.55      | 2.55  |
| Southern MD   | 2.95              | 2.89     | 8.17               | 7.85  | ----                | ----                      | 1.50      | ----  |
| Upper E. Shore  | 3.02              | 2.96     | 8.22               | 7.90  | ----                | ----                      | 1.60      | ----  |
| Lower E. Shore  | 3.11              | 3.04     | 8.30               | 7.97  | 3.50                | ----                      | 1.56      | ----  |
| Soybean Meal Lower Eastern Shore Dealer's Average Cash Quotes (\$/ton)          |                   |          |                    |       |                     |                           |           |       |
| Date  | 1/21              |          | 01/28              |       | Date                |                           | 1/21      |       |
| 48% Soybean Meal  | 291.00            |          | 279.00             |       | 44% Soybean Meal    |                           | 279.00    |       |
| FORWARD CONTRACT PRICE-REGIONAL (\$/bu) For Harvest delivery Dealer's Avg Quote |                   |          |                    |       |                     |                           |           |       |
| Grade and Commodity   | #2 Y Shelled Corn |          | #2 Yellow Soybeans |       | #2 Red Winter Wheat |                           | #3 Barley |       |
| Date  | 01/21             | 01/28    | 01/21              | 01/28 | 01/21               | 01/28                     | 01/21     | 01/28 |
| Western Md  | ----              | ----     | ----               | ----  | ----                | ----                      | ----      | ----  |
| Central MD  | 2.75              | 2.73     | 6.47               | 6.17  | 3.73                | 3.56                      | ----      | ----  |
| Southern MD   | 2.75              | 2.68     | 6.47               | 6.27  | 3.60                | 3.44                      | 1.45      | 1.45  |
| Upper E Shore   | 2.80              | 2.73     | 6.47               | 6.27  | 3.65                | 3.47                      | 1.55      | 1.55  |
| Lower E Shore   | 2.87              | 2.80     | 6.56               | 6.36  | 3.62                | 3.46                      | 1.53      | 1.53  |
| GRAIN FUTURES - Chicago Board of Trade (cents/bu) -Jan 29, 2004                 |                   |          |                    |       |                     |                           |           |       |
| Corn  |                   | Soybeans |                    | Wheat |                     | Soybean Meal <sup>1</sup> |           |       |
| Mar   | 270.75            | Mar      | 804.75             | Mar   | 374.75              | Mar                       | 251.30    |       |
| May   | 275.25            | May      | 806.50             | May   | 379.50              | May                       | 250.60    |       |
| Jul   | 278.25            | Jul      | 797.75             | Jul   | 373.75              | Jul                       | 247.30    |       |
| Sep   | 272.50            | Aug      | 767.00             | Sep   | 378.00              | Aug                       | 237.80    |       |
| Dec   | 268.00            | Sep      | 716.50             | Dec   | 387.00              | Sep                       | 223.00    |       |
| Mr05  | 271.25            | Nov      | 652.00             |       |                     | Oct                       | 197.30    |       |

<sup>1</sup> \$/ton

|   |  |               |             |   |                               |               |               |            |               |  |
|---|--|---------------|-------------|---|-------------------------------|---------------|---------------|------------|---------------|--|
| HAY AND STRAW (\$/cwt)  |  |               |             |   |                               |               |               |            |               |  |
| New Holland, PA - \$/ton - Jan 26, 2004 -25 Loads                         |  |               |             |   |                               |               |               |            |               |  |
| Mixed   |  | Timothy       |             | Orchardgrass  |                               | Straw         |               |            |               |  |
| 80.00-162.00  |  | 107.00-200.00 |             | 100.00-142.00   |                               | 167.00-180.00 |               |            |               |  |
| Westminster, MD - \$/bale - Jan 27, 2004 - Lots                           |  |               |             |   |                               |               |               |            |               |  |
| CANCELLED DUE TO SNOW   |  |               |             |   |                               |               |               |            |               |  |
| Southern, MD - Regional Farmers' Market - \$/bale -                       |  |               |             |   |                               |               |               |            |               |  |
| Next Sale   |  |               |             |   |                               |               |               |            |               |  |
| February 7, 2004  |  |               |             |   |                               |               |               |            |               |  |
| POULTRY (Grade A) - Week Ending Jan 31, 2004 - Negotiated Price, (\$/cwt) |  |               |             |   |                               |               |               |            |               |  |
|   | Current Week                           |               | Week Ago    |   | Month Ago                     |               | Year Ago      |            |               |  |
| NY Wtd Avg. (Fryers)  | 73.58                                  |               | 72.26       |   | 60.91                         |               | 55.91         |            |               |  |
| 12-City Composite   | 72.54                                  |               | 69.79       |   | 65.73                         |               | 60.05         |            |               |  |
| LAMBS - Westminster, MD - \$/cwt - Jan 27, 2004                           |  |               |             |   |                               |               |               |            |               |  |
| H-Ch  | 100-125 lbs                            | 115.00-120.00 |             | Sheep 20 hd   | 50.00-78.00                   |               |               |            |               |  |
| Ch  | 55- 90 lbs                             | 132.00-137.00 |             | Thin  | 32.00-37.00                   |               |               |            |               |  |
| TERMINAL MARKETS HOGS - Jan 29, 2004                                      |  |               |             | DIRECT MARKET HOGS - Westminster, MD- Jan 27, 2004                    |                               |               |               |            |               |  |
| Base Price Range  | Carcass Basis                          |               | Sows (1-3)  | NONE  |                               |               |               |            |               |  |
| a.m.  | Base 185 lb Hog                        |               | 300-449 lbs |   |                               |               |               |            |               |  |
| Eastern Cornbelt  | 46.00-56.35                            |               | 27.00-32.36 | Millsboro, DE Market Hogs - (\$/cwt) - Next Sale Feb 03, 2004         |                               |               |               |            |               |  |
| Iowa, Minn  | 53.50-57.35                            |               | 23.50-31.35 |   |                               |               |               |            |               |  |
| FEEDER PIGS - (\$/cwt) -  |  |               |             |   |                               |               |               |            |               |  |
| Gumboro, DE -   |  |               |             | New Holland, PA   |                               |               |               |            |               |  |
| Head:   | Trend:                                 |               |             | Head: 209   | Trend: Most went to slaughter |               |               |            |               |  |
|   | NO SALE THIS WEEK<br>NEXT SALE 2/17/04 |               |             |   |                               |               |               |            |               |  |
| CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jan 29, 2004   |  |               |             | HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jan 29, 2004 |                               |               |               |            |               |  |
| Jan   | 84.10                                  | Jun           | 70.25       | Feb   | 56.42                         | Jun           | 63.20         |            |               |  |
| Feb   | 77.52                                  | Aug           | 72.45       | Apr   | 57.75                         | Jul           | 60.15         |            |               |  |
| Apr   | 73.62                                  | Oct           | 75.45       | May   | 59.35                         | Aug           | 58.17         |            |               |  |
| STOCKER-FEEDER CATTLE - (\$/cwt)  |  |               |             |   |                               |               |               |            |               |  |
| Winchester, VA - Jan 26, 2004   |  |               |             | Westminster, MD - Jan 27, 2004  |                               |               |               |            |               |  |
| SALE CANCELLED<br><br><br><br><br><br><br><br><br><br>DUE TO SNOW         |  |               |             | Bulls returning to farm   |                               |               |               |            |               |  |
|   |  |               |             | #1  |                               | 94-120 lbs    | 150.00-182.00 |            |               |  |
|   |  |               |             |   |                               | 90- 92 lbs    | 120.00-152.00 |            |               |  |
|   |  |               |             |   |                               | 80- 88 lbs    | 80.00-110.00  |            |               |  |
|   |  |               |             | #2  |                               | 94-120 lbs    | 120.00-150.00 |            |               |  |
|   |  |               |             |   |                               | 80- 92 lbs    | 75.00- 105.00 |            |               |  |
|   |  |               |             | Beef X Bulls & Heifers  |                               | 70- 95 lbs    | 75.00- 125.00 |            |               |  |
|   |  |               |             | Lancaster, New Holland & Vintage - Week Ending - Jan 31, 2004         |                               |               |               |            |               |  |
|   |  |               |             | Bull, Holstein  | 90-120 lbs                    | 120.00-152.00 | Plainer       | 90-120 lbs | 125.00-147.00 |  |
|   |  |               |             | Heifers, Hols   | 90-120 lbs                    | 370.00-440.00 | Plainer       | 90-120 lbs | 250.00-320.00 |  |
| SLAUGHTER CATTLE (\$/cwt)   |  |               |             |   |                               |               |               |            |               |  |
| Westminster, MD - Jan 27, 2004  |  |               |             |   |                               |               |               |            |               |  |
| Fed Steers  |  |               |             | Fed Heifers   |                               |               |               |            |               |  |
| Ch 2-3  | 1300-1480 lbs                          | 84.00-88.00   |             | Ch 2-4  | 1200-1300 lbs                 | 85.00-89.00   |               |            |               |  |
| Cows  |  |               |             | 2 Hd  | 925- 995 lbs                  | 69.00-70.00   |               |            |               |  |
| Breakers  |  | 45.00-50.00   |             | Calves  |                               |               |               |            |               |  |
| Boners  |  | 40.00-45.00   |             | Good Slaughter  | 80- 120 lbs                   | 65.00-82.00   |               |            |               |  |
| Lean  |  | 37.00-41.00   |             |   | 70- 80 lbs                    | 35.00-60.00   |               |            |               |  |
| Thin & Light  |  | 37.00-DOWN    |             |   |                               |               |               |            |               |  |
| Lancaster, New Holland & Vintage - Week Ending - Jan 31, 2004             |  |               |             | Trend   |                               |               |               |            |               |  |
| Steers, Choice, 2-3   |  | 1155-1490 lbs | 84.50-88.00 | \$3 lower   |                               |               |               |            |               |  |
| Heifers, Choice   |  | 1130-1160 lbs | 85.50-88.50 | No trend  |                               |               |               |            |               |  |
| Cows, Breakers 75-80 pct lean   |  |               | 51.25-55.75 | Weaker undertone  |                               |               |               |            |               |  |
| Bulls, YG 1   |  | 1010-1815 lbs | 59.76-67.00 | Sharply higher  |                               |               |               |            |               |  |
| Vealers, Standard & Good  |  | 80- 110 lbs   | 62.00-87.00 | \$4 - \$13 higher   |                               |               |               |            |               |  |

For more information about this report, call 410-841-5740 or write:

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